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ESTATE TAX / INHERITANCE TAX

GENERAL INFORMATION

The State of Michigan imposes an **estate tax** on the estates of persons who died **after September 30, 1993**. It is a tax on the value of a decedent's estate as determined by the Federal Estate Tax Act in effect on January 1, 1993. Estates of persons who died **before October 1, 1993** are subject to an **inheritance tax**.

What is Estate Tax?

When estate taxes are paid to a state, the federal government allows a credit for that tax on federal form 706 UNITED STATES ESTATE (AND GENERATION-SKIPPING TRANSFER) TAX RETURN. Michigan's estate tax is equal to the maximum **allowable** federal credit for state death taxes paid. The Michigan estate tax return picks up the maximum allowable credit amount from federal form 706. The credit on the federal return becomes the estate tax due on the Michigan return. This is why the Michigan estate tax is referred to as a "pick-up tax."

For decedents dying in 2004, there is a change in the State Death Tax Credit as computed on the Federal Estate Tax Return. The credit will be reduced by 75% for these dates of death. For dates of death occurring in 2005 and after, the State Death Tax Credit will be eliminated. Contact the Internal Revenue Service for additional details.

Michigan has two estate tax returns: forms MI-706 and MI-706A. These forms are printed back-to-back on one sheet and are contained in the instruction booklet, form MI-706 MICHIGAN ESTATE TAX. They are also available as single sheets.

- Complete form **MI-706** for estates of persons who were Michigan residents whose real and tangible personal property is **all** located in Michigan.
- Complete form **MI-706A** for estates of persons who were Michigan residents and who had real or tangible personal property located in another state, or estates of persons who were nonresidents who had real or tangible personal property located in Michigan. The MI-706A prorates the Michigan tax by dividing the gross estate into gross Michigan property or gross estate into gross non-Michigan property.

PERSONAL REPRESENTATIVE

A personal representative of an estate may be any one of the following:

1. A court-appointed personal representative, an executor, trustee, or administrator (including an independent personal representative), **or**

2. If a personal representative is not appointed, every person who is in the actual or constructive possession of any property included in the gross estate of the decedent.
3. Any other person required to file federal form 706 or pay the estate tax due.

If the personal representative makes a distribution of any of the property subject to a transfer tax without paying the tax due or obtaining the necessary estate tax lien waiver for the real property, the personal representative will become personally liable for the tax, accrued penalties and interest.

FILING REQUIREMENTS

Act 277 of 1998 amended the Michigan Estate Tax Act to reflect the changes in the Federal Estate Tax Code. Under the new Federal Code, the exemption amount for filing a federal estate tax return has been increased to \$1 million for dates of death occurring in 2002 and 2003. For deaths in 2004 and after, the exemption amount for filing is \$1,500,000. Generally, an estate whose gross value is equal to or less than the exemption amount is not required to file form U.S. 706. (Contact the Internal Revenue Service for additional details.)

<u>Year of Death</u>	<u>Amount</u>
1997	\$ 600,000
1998	625,000
1999	650,000
2000	675,000
2001	675,000
2002, 2003	1,000,000
2004	1,500,000

A Michigan estate tax return must be filed if all of the following are true:

- Decedent died after September 30, 1993,
- Decedent was a Michigan resident or a nonresident with real or tangible personal property located in Michigan, and
- Federal form 706 was required.

Distributees and trustees of Generation-Skipping Transfers (GSTs) are required to pay a Michigan GST tax if federal form 706GS(D) GENERATION-SKIPPING TRANSFER TAX RETURN FOR DISTRIBUTIONS or federal form 706GS(T) GENERATION-SKIPPING TRANSFER FOR TERMINATIONS is required.

DUE DATE

An MI-706/MI-706A is due the same time the federal form 706 is due. The due date is nine months after the date of death.

The person liable for the payment of federal tax is personally liable for the Michigan tax to the same extent he or she is liable for the federal tax.

Penalty and interest will apply if the return or payment is late.

EXTENSIONS

There are two federal extensions:

1. Extension of time to file, and
2. Extension of time to pay.

The time to file a Michigan return is automatically extended if a federal extension of time to file has been approved. **An extension of time to file does not extend the time to pay the tax due.**

The time to pay the Michigan tax is automatically extended if a federal extension of time to pay has been approved; however, interest is charged for the period of the extension.

A copy of the approved federal extensions must be attached to the MI-706/MI-706A when the return is filed.

RELEASE OF LIENS

The Michigan estate tax is a lien on the gross value of the estate until the tax is paid in full. If personal property is sold, the lien attaches to the consideration received for the property. If **real estate** is being sold before the tax is paid, the personal representative must file form 2357 REQUEST FOR WAIVER OF THE MICHIGAN ESTATE TAX LIEN. The Michigan Department of Treasury will issue a lien release from all or part of the real property when one of the following conditions is met:

1. If any part of the real estate must be sold to pay claims against the estate or administration expenses
2. If Treasury believes no tax liability exists
3. If a lien has been recorded with the county where the property is located and the full amount of the lien has been paid
4. If the real property is sold before the due date of the return and 8 percent of the net cash proceeds is submitted to Treasury as an estimated tax payment

5. If the real property is sold after the due date of the return, and a payment is submitted to Treasury for the lessor of 16 percent of the net cash proceeds or the amount of tax shown due on the return
6. If an estimated payment has been made which Treasury finds is sufficient to cover the tax which will be due
7. If an estimated payment has been made which the probate court finds is sufficient to cover the tax which will be due
8. If the seller or mortgagor is a surviving joint tenant or tenant by the entireties.

Act 277 of 1998 amended the statute providing for the recording of the waiver of Michigan estate tax lien with the Register of Deeds.

Any estimated payments or partial payments should be attached to form 2527 MICHIGAN ESTATE TAX ESTIMATE VOUCHER. This form is a part of the form MI-706 MICHIGAN ESTATE TAX instruction booklet.

RELEASING THE PERSONAL REPRESENTATIVE FROM LIABILITY

The Michigan Department of Treasury holds the personal representative liable for the Michigan tax until one of the following occurs:

1. The personal representative files form 2356 REQUEST FOR CERTIFICATE OF NO MICHIGAN ESTATE TAX LIABILITY. Only the personal representative can sign form 2356 certifying that a federal 706 is not required. This certificate will be accepted by the probate court after it has been validated by Treasury.
2. The personal representative submits a copy of the IRS closing letter and the IRS adjustments and requests a discharge of personal liability.

After the IRS closing letter is received, Treasury has one year to review the return and determine if any additional Michigan Tax is due. Treasury will issue a receipt and discharge of personal liability after the review is complete and any additional Michigan tax due is paid. This notice releases the personal representative from any personal liability if any additional tax is ever found to be due.

Act 277 of 1998 amended the Act to allow the recording of form 2619 with the Register of Deeds.

Other Information

If you have questions relating to the estate tax, call (517) 636-4330 between 8:00 a.m. and 4:45 p.m., Monday through Friday, or write to:

*Estate Tax Section
Michigan Department of Treasury
Lansing, Michigan 48922*

To order any Michigan form referred to in this chapter, call **1-800-827-4000**. This computerized forms message system is available 24 hours a day. Treasury will mail the forms to you.

All Michigan estate tax forms are now available on the Michigan Department of Treasury web site. Visit the site at **www.michigan.gov/treasury**.

Deaf, hearing or speech impaired persons using a Text Telephone/Teletypewriter (TTY) should call (517) 636-4999 for assistance.

Differences Between Inheritance and Estate Taxes

The comparison chart below highlights some of the major differences between the Michigan Inheritance Tax and the Michigan Estate Tax.

	<u>Inheritance Tax</u>	<u>Estate Tax</u>
Where to file and pay	Inheritance Tax Section, Michigan Department of Treasury, Lansing, MI 48922	Estate Tax Section, Michigan Department of Treasury, Lansing, MI 48922
How to pay	Use form C-6568 (Payment Notice) or pay with return	Use form C-6569 (Estimate Voucher) or pay with return
Interest	9% per year from due date, if extension is granted	1% above prime, due during period of extension
Due dates	105 days after date of death	9 months after date of death

	<u>Inheritance Tax</u>	<u>Estate Tax</u>
Extensions	Use Michigan forms C-6568 and C-6562 and Pay 50% within 105 days after date of death and Pay 75% within 9 months after date of death	Use U.S. Extension and Pay full amount before 9 months or Pay full amount when return is filed if extension of time to pay is granted by federal government
Credit Interest	None	1% above prime. Due later of 45 days: - After due date of return or - Date return is received
Penalty	8% if 50% of the tax is not paid within 105 days and an extension is not granted and 5/25% if 75% of the tax has not been paid and an extension is not granted	5/25% if not paid in full by 9 months and a federal extension for time to pay has not been granted
Other	Life insurance proceeds to a named beneficiary - exempt Generally property transferred more than 2 years before death is not taxed Date of death values only Real estate valuation	N/A - See federal N/A - See federal N/A - See federal N/A - See federal

REVENUE ADMINISTRATIVE BULLETIN

Revenue Administrative Bulletin 1999-12 **Estate Tax Penalty and Waiver Provisions**

This Bulletin was issued to explain who is responsible for filing and paying the Michigan Estate tax return, what penalties apply to the tax, and how the reasonable cause waiver standard is applied. Examples of reasonable cause for penalty waiver are also provided. *(See Revenue Administrative Bulletin 1999-12 on Treasury's Web site at www.michigan.gov/treasury.)*

Michigan Estate Tax Return

Issued under authority of P.A. 54 of 1993. Filing is mandatory.

Complete this page if the decedent was a Michigan resident and all property was located in Michigan. Michigan residents with out-of-state property or nonresidents with property in Michigan, complete the other side.

This is an: <input type="checkbox"/> Original return <input type="checkbox"/> Amended return		
▶ 1. Decedent's Name (first, middle initial, last)		▶ 2. Decedent's Social Security Number
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative		7. Personal Representative's Social Security Number
		8. Personal Representative's Telephone Number

9. Total gross estate (U.S. 706) 9.00

10. Credit for state death taxes (U.S. 706) ▶10.00

11. Enter amount of Michigan tax already paid, if any 11.00

12. TAX DUE. If line 10 is greater than line 11, subtract line 11 from line 10 and enter here
 Include interest and penalty if applicable. **PAY ▶12.**00

13. REFUND. If line 10 is less than line 11, subtract line 10 from line 11 and enter here **REFUND ▶13.**00

CERTIFICATION			
<i>I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.</i>		<i>I declare under penalty of perjury that this return is based on all information of which I have knowledge.</i>	
I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No		Preparer's Signature and Business Address	
Signature(s) of Personal Representative(s)	Date		
		Preparer's Daytime Telephone Number	Date

NOTE: When finished, attach a complete copy of Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, including all schedules. Do not send originals, as items will not be returned.

MAIL TO: Estate Tax Section
 Michigan Department of Treasury
 Lansing, MI 48922

Michigan Estate Tax Return - A

Issued under authority of P.A. 54 of 1993. Filing is mandatory.

Complete this page if the decedent was a Michigan resident with out-of-state property or a nonresident with property in Michigan. Michigan residents with property only in Michigan, complete the other side. See other side for mailing address.

This is an: <input type="checkbox"/> Original return <input type="checkbox"/> Amended return		
▶ 1. Decedent's Name (first, middle initial, last)		▶ 2. Decedent's Social Security Number
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative		7. Personal Representative's Social Security Number
		8. Personal Representative's Telephone Number

9. Total gross estate (U.S. 706) 9. _____ .00

10. Credit for state death taxes. (U.S. 706) ▶ 10. _____ .00

PART 1: MICHIGAN RESIDENTS WITH OUT-OF-STATE PROPERTY

11. Gross value of real and tangible personal property located in other states. 11. _____ .00

12. Percent of out-of-state property. Divide line 11 by line 9. 12. _____ %

13. Percent of tax attributable to other states.
 Multiply line 10 by percentage on line 12. 13. _____ .00

14. Enter amount of state estate taxes paid to other states.
 (Attach proof of payment.) 14. _____ .00

15. Credit for estate taxes paid to another state. Enter the smaller of line 13 or line 14. 15. _____ .00

16. MICHIGAN ESTATE TAX. Subtract line 15 from line 10. 16. _____ .00

PART 2: NON-RESIDENTS WITH MICHIGAN PROPERTY

17. Gross value of real and tangible personal property located in Michigan. 17. _____ .00

18. Percent of Michigan property. Divide line 17 by line 9. 18. _____ %

19. MICHIGAN ESTATE TAX. Multiply line 10 by the percentage on line 18. 19. _____ .00

PART 3: REFUND OR TAX DUE

20. Michigan residents with out-of-state property enter the amount from line 16.
 Non-residents enter the amount from line 19. 20. _____ .00

21. Enter amount of Michigan tax already paid, if any. 21. _____ .00

22. TAX DUE. If line 20 is greater than line 21, subtract line 21 from line 20 and enter here.
 Include interest _____ and penalty _____ if applicable. **PAY ▶ 22.** _____ .00

23. REFUND. If line 20 is less than line 21, subtract line 20 from line 21 and enter here. **REFUND ▶ 23.** _____ .00

CERTIFICATION			
<i>I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.</i> I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No		<i>I declare under penalty of perjury that this return is based on all information of which I have knowledge.</i> Preparer's Signature and Business Address	
Signature(s) of Personal Representative(s)	Date		
		Preparer's Daytime Telephone Number	Date

NOTE: When finished, attach a complete copy of Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, including all schedules. Do not send originals, as items will not be returned.

Michigan Estate Tax Estimate Voucher

Issued under authority of P.A. 54 of 1993. Filing is voluntary.

▶ 1. Decedent's Name (first, middle initial, last)	▶ 2. Decedent's Social Security Number	
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative	7. Personal Representative's Social Security Number	
	8. Personal Representative's Telephone Number	

Enter amount of tax due..... \$00
Enter total penalty and interest..... \$00
Total payment..... ▶ \$00

Write "**Estate Tax**," the decedent's **name** and the decedent's

Social Security number on the front of the check. Mail to: **Estate Tax Section**
Michigan Department of Treasury
Lansing, MI 48922

www.michigan.gov/treasury

Michigan Estate Tax Estimate Voucher

Issued under authority of P.A. 54 of 1993. Filing is voluntary.

▶ 1. Decedent's Name (first, middle initial, last)	▶ 2. Decedent's Social Security Number	
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative	7. Personal Representative's Social Security Number	
	8. Personal Representative's Telephone Number	

Enter amount of tax due..... \$00
Enter total penalty and interest..... \$00
Total payment..... ▶ \$00

Write "**Estate Tax**," the decedent's **name** and the decedent's

Social Security number on the front of the check. Mail to: **Estate Tax Section**
Michigan Department of Treasury
Lansing, MI 48922

www.michigan.gov/treasury

Request for Certificate of No Michigan Estate Tax Liability

Issued under authority of P.A. 54 of 1993.

Use this form only for dates of death after September 30, 1993.

1. Decedent's Name (first, middle initial, last)	2. Decedent's Social Security No.	
3. County of Probate	4. Date of Death	5. Probate File No.

6. Name and Address of Personal Representative	7. Personal Representative's Social Security No.
	8. Personal Representative's Telephone No.

9. Was a *Federal 706* required? (If yes, do not complete this form. Use form MI-706, or MI-706A.)

☐ Yes

☐ No

10. Enter the total value of the gross estate 10.00

You must determine the actual value based on the IRS rules for estate tax before filing this form. Do not estimate this amount.

CERTIFICATION

I declare, under penalty of perjury, that this information is true and complete.

☐ I authorize Treasury to discuss my return with my preparer and to mail this waiver to my preparer or other designee.

☐ Do not discuss my return with my preparer.

Personal Representative's Signature	Date
Preparer or Designee's Address	

MAIL TO:

Estate Tax Section
Michigan Department of Treasury
Treasury Building
Lansing, MI 48922

THE PERSONAL REPRESENTATIVE IS PERSONALLY LIABLE FOR ANY TAX DUE IF IT IS LATER DETERMINED THAT MICHIGAN ESTATE TAX WAS DUE.

Request for Waiver of the Michigan Estate Tax Lien

Issued under authority of P.A. 54 of 1993.

If a *Federal 706* was not required, do not file this form.
File a *Certificate of No Michigan Estate Tax Liability* (Form 2356).

1. Decedent's Name (first, middle initial, last)	2. Decedent's Social Security No.	
3. County of Probate	4. Date of Death	5. Probate File No.
6. Name and Address of Personal Representative	7. Personal Representative's Social Security No.	
	8. Personal Representative's Telephone No.	

9. _____ **REASON FOR WAIVER.** Enter correct number from back of form. Attach supporting documentation.
10. **LEGAL DESCRIPTION** of real property (including common address and Sidwell number, if available).
Attach an additional sheet, if necessary.

CERTIFICATION: I declare, under penalty of perjury, that this information is true and complete.

- ☐ I authorize Treasury to discuss my return with my preparer and to mail this waiver to my preparer or other designee.
- ☐ Do not discuss my return with my preparer.

Personal Representative's Signature	Date
Preparer or Designee's Address	

PROBLEM

ESTATE TAX

Prepare form 2357 REQUEST FOR WAIVER OF THE MICHIGAN ESTATE TAX LIEN and form MI-706A MICHIGAN ESTATE TAX RETURN based on the following selected schedules from federal form 706 and the additional facts below.

1. The decedent was in the process of selling his house in Michigan and had accepted a purchaser's offer of \$300,000. The decedent, however, passed away one week before the closing. The purchaser has required the decedent's estate to provide form 3413 WAIVER OF THE MICHIGAN ESTATE TAX LIEN, since a lien becomes an automatic incumbrance on a decedent's real estate upon his or her death.
2. The expenses relating to the real estate sale are as follows:

Sales commissions	\$15,000
Transfer taxes	1,500
Title insurance fees	250

3. The estate elects to prepare form 2357 according to Reason Code 4.
4. Estate taxes of \$6,500 were paid to the state of Florida.

**United States Estate (and Generation-Skipping
Transfer) Tax Return****Estate of a citizen or resident of the United States (see separate instructions).
To be filed for decedents dying after December 31, 2002, and before January 1, 2004.
For Paperwork Reduction Act Notice, see the separate instructions.**

OMB No. 1545-0015

Part 1.—Decedent and Executor	1a Decedent's first name and middle initial (and maiden name, if any)	1b Decedent's last name		2 Decedent's Social Security No. : : :
	3a Legal residence (domicile) at time of death (county, state, and ZIP code, or foreign country)	3b Year domicile established	4 Date of birth	5 Date of death
	6a Name of executor (see page 3 of the instructions)	6b Executor's address (number and street including apartment or suite no. or rural route; city, town, or post office; state; and ZIP code)		
	6c Executor's social security number (see page 3 of the instructions) : :			
	7a Name and location of court where will was probated or estate administered			
8 If decedent died testate, check here <input type="checkbox"/> and attach a certified copy of the will. 9 If Form 4768 is attached, check here <input type="checkbox"/>				
10 If Schedule R-1 is attached, check here <input type="checkbox"/>				

Part 2.—Tax Computation	1 Total gross estate less exclusion (from Part 5, Recapitulation, page 3, item 12)	1		
	2 Total allowable deductions (from Part 5, Recapitulation, page 3, item 23)	2		
	3 Taxable estate (subtract line 2 from line 1)	3		
	4 Adjusted taxable gifts (total taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts that are includible in decedent's gross estate (section 2001(b)))	4		
	5 Add lines 3 and 4	5		
	6 Tentative tax on the amount on line 5 from Table A on page 4 of the instructions	6		
	7 Total gift tax payable with respect to gifts made by the decedent after December 31, 1976. Include gift taxes by the decedent's spouse for such spouse's share of split gifts (section 2513) only if the decedent was the donor of these gifts and they are includible in the decedent's gross estate (see instructions)	7		
	8 Gross estate tax (subtract line 7 from line 6)	8		
	9 Maximum unified credit (applicable credit amount) against estate tax	9		
	10 Adjustment to unified credit (applicable credit amount). (This adjustment may not exceed \$6,000. See page 5 of the instructions.)	10		
	11 Allowable unified credit (applicable credit amount) (subtract line 10 from line 9)	11		
	12 Subtract line 11 from line 8 (but do not enter less than zero).	12		
	13 Credit for state death taxes (cannot exceed line 12). Attach credit evidence (see instructions). Figure the credit by using the amount on line 3 less \$60,000. See Table B in the instructions. Enter the amount here from Table B <input type="checkbox"/> x .50 <input type="checkbox"/>	13		
	14 Subtract line 13 from line 12	14		
	15 Credit for Federal gift taxes on pre-1977 gifts (section 2012) (attach computation)	15		
	16 Credit for foreign death taxes (from Schedule(s) P). (Attach Form(s) 706-CE.)	16		
	17 Credit for tax on prior transfers (from Schedule Q)	17		
	18 Total (add lines 15, 16, and 17)	18		
	19 Net estate tax (subtract line 18 from line 14)	19		
	20 Generation-skipping transfer taxes (from Schedule R, Part 2, line 10)	20		
21 Total transfer taxes (add lines 19 and 20)	21			
22 Prior payments. Explain in an attached statement	22			
23 United States Treasury bonds redeemed in payment of estate tax	23			
24 Total (add lines 22 and 23)	24			
25 Balance due (or overpayment) (subtract line 24 from line 21).	25			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer other than the executor is based on all information of which preparer has any knowledge.

Signature(s) of executor(s)

Date

Signature of preparer other than executor

Address (and ZIP code)

Date

Part 4—General Information *(continued)***Please check the "Yes" or "No" box for each question.**

		Yes	No
7a	Have Federal gift tax returns ever been filed? If "Yes," please attach copies of the returns, if available, and furnish the following information:		
7b	Period(s) covered		
If you answer "Yes" to any of questions 8–16, you must attach additional information as described in the instructions.			
8a	Was there any insurance on the decedent's life that is not included on the return as part of the gross estate?		
b	Did the decedent own any insurance on the life of another that is not included in the gross estate?		
9	Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (a) one or more of the other joint tenants was someone other than the decedent's spouse, and (b) less than the full value of the property is included on the return as part of the gross estate? If "Yes," you must complete and attach Schedule E		
10	Did the decedent, at the time of death, own any interest in a partnership or unincorporated business or any stock in an inactive or closely held corporation?		
11	Did the decedent make any transfer described in section 2035, 2036, 2037, or 2038 (see the instructions for Schedule G beginning on page 13 of the separate instructions)? If "Yes," you must complete and attach Schedule G		
12	Were there in existence at the time of the decedent's death:		
a	Any trusts created by the decedent during his or her lifetime?		
b	Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship?		
13	Did the decedent ever possess, exercise, or release any general power of appointment? If "Yes," you must complete and attach Schedule H		
14	Was the marital deduction computed under the transitional rule of Public Law 97-34, section 403(e)(3) (Economic Recovery Tax Act of 1981)? If "Yes," attach a separate computation of the marital deduction, enter the amount on item 20 of the Recapitulation, and note on item 20 "computation attached."		
15	Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I? If "Yes," you must complete and attach Schedule I		
16	Was the decedent ever the beneficiary of a trust for which a deduction was claimed by the estate of a pre-deceased spouse under section 2056(b)(7) and which is not reported on this return? If "Yes," attach an explanation.		

Part 5—Recapitulation

Item number	Gross estate	Alternate value	Value at date of death
1	Schedule A—Real Estate 1		
2	Schedule B—Stocks and Bonds 2		
3	Schedule C—Mortgages, Notes, and Cash 3		
4	Schedule D—Insurance on the Decedent's Life (attach Form(s) 712) 4		
5	Schedule E—Jointly Owned Property (attach Form(s) 712 for life insurance) 5		
6	Schedule F—Other Miscellaneous Property (attach Form(s) 712 for life insurance) 6		
7	Schedule G—Transfers During Decedent's Life (att. Form(s) 712 for life insurance) 7		
8	Schedule H—Powers of Appointment 8		
9	Schedule I—Annuities 9		
10	Total gross estate (add items 1 through 9). 10		
11	Schedule U—Qualified Conservation Easement Exclusion 11		
12	Total gross estate less exclusion (subtract item 11 from item 10). Enter here and on line 1 of Part 2—Tax Computation 12		
Item number	Deductions	Amount	
13	Schedule J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims 13		
14	Schedule K—Debts of the Decedent 14		
15	Schedule K—Mortgages and Liens 15		
16	Total of items 13 through 15 16		
17	Allowable amount of deductions from item 16 (see the instructions for item 17 of the Recapitulation) 17		
18	Schedule L—Net Losses During Administration 18		
19	Schedule L—Expenses Incurred in Administering Property Not Subject to Claims 19		
20	Schedule M—Bequests, etc., to Surviving Spouse 20		
21	Schedule O—Charitable, Public, and Similar Gifts and Bequests 21		
22	Schedule T—Qualified Family-Owned Business Interest Deduction 22		
23	Total allowable deductions (add items 17 through 22). Enter here and on line 2 of the Tax Computation 23		

Estate of:**SCHEDULE A—Real Estate**

- For jointly owned property that must be disclosed on Schedule E, see the instructions on the reverse side of Schedule E.
- Real estate that is part of a sole proprietorship should be shown on Schedule F.
- Real estate that is included in the gross estate under section 2035, 2036, 2037, or 2038 should be shown on Schedule G.
- Real estate that is included in the gross estate under section 2041 should be shown on Schedule H.
- If you elect section 2032A valuation, you must complete Schedule A and Schedule A-1.

Item number	Description	Alternate valuation date	Alternate value	Value at date of death
1				
Total from continuation schedules or additional sheets attached to this schedule . . .				
TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 1.)				

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (See the instructions on the reverse side.)

Estate of:

SCHEDULE K—Debts of the Decedent, and Mortgages and Liens

Item number	Debts of the Decedent—Creditor and nature of claim, and allowable death taxes	Amount unpaid to date	Amount in contest	Amount claimed as a deduction
1				
Total from continuation schedules (or additional sheets) attached to this schedule				
TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 14.)				

Item number	Mortgages and Liens—Description	Amount
1		
Total from continuation schedules (or additional sheets) attached to this schedule		
TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 15.)		

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
 (The instructions to Schedule K are in the separate instructions.)

ESTATE TAX
SOLUTION

Request for Waiver of the Michigan Estate Tax Lien

Issued under authority of P.A. 54 of 1993.

If a *Federal 706* was not required, do not file this form.
File a *Certificate of No Michigan Estate Tax Liability* (Form 2356).

1. Decedent's Name (first, middle initial, last)	2. Decedent's Social Security No.	
3. County of Probate	4. Date of Death	5. Probate File No.
6. Name and Address of Personal Representative	7. Personal Representative's Social Security No.	
	8. Personal Representative's Telephone No.	

9. _____ **REASON FOR WAIVER.** Enter correct number from back of form. Attach supporting documentation.
10. **LEGAL DESCRIPTION** of real property (including common address and Sidwell number, if available).
Attach an additional sheet, if necessary.

CERTIFICATION: I declare, under penalty of perjury, that this information is true and complete.

- ☐ I authorize Treasury to discuss my return with my preparer and to mail this waiver to my preparer or other designee.
- ☐ Do not discuss my return with my preparer.

Personal Representative's Signature	Date
Preparer or Designee's Address	

Instructions for Form 2357, Waiver of the Michigan Estate Tax Lien

The Michigan estate tax is a lien on the gross estate until the tax is paid in full. If real estate is being transferred before the tax is paid, a waiver of the Michigan estate tax lien must be requested.

If a payment is required, complete the *Michigan Estate Tax Estimate Voucher* (Form 2527). Send the payment, the estimate voucher and this waiver request to:

Complete the front of this form. Enter the **reason code** from the list below on line 10. Attach copies of required documents to this form.

**Estate Tax Section
Michigan Department of Treasury
Lansing, MI 48922**

Reason Code	Reason Code
<p>1 Part of the real estate must be sold to pay claims against the estate or administration expenses. This waiver may be honored even if other assets are available. Send an itemized list of the debts of the decedent and expenses which will be paid from the proceeds of the estate.</p>	<p>5 The real property was sold after the due date of the return, including extensions, and a payment is enclosed with this waiver request for the lesser of:</p> <ul style="list-style-type: none"> • 16 percent of the net cash proceeds (complete the worksheet below), or • the amount of tax shown due on the return. <p>If you use this reason code, include a copy of the purchase agreement.</p>
<p>2 No tax liability exists, or the liability has been fully discharged or provided for. Send a copy of a financial statement of all probate and non-probate assets and liabilities.</p>	<p>6 An estimated payment equal to the estate tax due is enclosed. Send a detailed schedule showing the value of the estate and the estimated tax due.</p>
<p>3 A lien has been recorded with the county where the property is located and the full amount of the lien has been paid or is enclosed.</p>	<p>7 An estimated payment equal to the tax shown on the enclosed probate court order is enclosed.</p>
<p>4 The real property was sold before the due date of the estate tax return, including extensions. Payment equal to 8 percent of net cash proceeds is enclosed. Complete the <i>Net Cash Proceeds Worksheet</i> below. If you use this reason code, include a copy of the purchase agreement.</p>	<p>8 The seller or mortgagor is a surviving joint tenant or tenant by the entireties. Send a copy of the deed or other legal document showing ownership.</p>

Net Cash Proceeds WORKSHEET

If you are requesting a waiver based on reason code 4 or 5, complete this worksheet and include it with your request.

1. Gross sales price (including land contracts accepted as part of sales proceeds)..... 1. _____ .00

TOTAL EXPENSES TO BE PAID BY THE SELLER OR MORTGAGOR

2. Sales commissions 2. _____ .00

3. Encumbrances and liens at the date of death, including interest to the date of closing. 3. _____ .00

4. Transfer taxes 4. _____ .00

5. Title insurance premiums and fees paid to the title insurance company 5. _____ .00

6. Total expenses. Add lines 2 through 5. 6. _____ .00

7. Net cash proceeds. Subtract line 6 from line 1. 7. _____ .00

Michigan Estate Tax Estimate Voucher

Issued under authority of P.A. 54 of 1993. Filing is voluntary.

▶ 1. Decedent's Name (first, middle initial, last)	▶ 2. Decedent's Social Security Number	
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative	7. Personal Representative's Social Security Number	
	8. Personal Representative's Telephone Number	

Enter amount of tax due \$00
Enter total penalty and interest \$00
Total payment ▶ \$00

Write "**Estate Tax**," the decedent's **name** and the decedent's
Social Security number on the front of the check. Mail to: **Estate Tax Section**
Michigan Department of Treasury
Lansing, MI 48922

www.michigan.gov/treasury

Michigan Estate Tax Estimate Voucher

Issued under authority of P.A. 54 of 1993. Filing is voluntary.

▶ 1. Decedent's Name (first, middle initial, last)	▶ 2. Decedent's Social Security Number	
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative	7. Personal Representative's Social Security Number	
	8. Personal Representative's Telephone Number	

Enter amount of tax due \$00
Enter total penalty and interest \$00
Total payment ▶ \$00

Write "**Estate Tax**," the decedent's **name** and the decedent's
Social Security number on the front of the check. Mail to: **Estate Tax Section**
Michigan Department of Treasury
Lansing, MI 48922

www.michigan.gov/treasury

Michigan Estate Tax Return - A

Issued under authority of P.A. 54 of 1993. Filing is mandatory.

Complete this page if the decedent was a Michigan resident with out-of-state property or a nonresident with property in Michigan. Michigan residents with property only in Michigan, complete the other side. See other side for mailing address.

This is an: <input type="checkbox"/> Original return <input type="checkbox"/> Amended return		
▶ 1. Decedent's Name (first, middle initial, last)		▶ 2. Decedent's Social Security Number
▶ 3. County of Probate	▶ 4. Date of Death	5. Probate File Number
▶ 6. Name and Address of Personal Representative		7. Personal Representative's Social Security Number
		8. Personal Representative's Telephone Number

9. Total gross estate (U.S. 706) 9. _____ .00

10. Credit for state death taxes. (U.S. 706) ▶ 10. _____ .00

PART 1: MICHIGAN RESIDENTS WITH OUT-OF-STATE PROPERTY

11. Gross value of real and tangible personal property located in other states. 11. _____ .00

12. Percent of out-of-state property. Divide line 11 by line 9. 12. _____ %

13. Percent of tax attributable to other states.
 Multiply line 10 by percentage on line 12. 13. _____ .00

14. Enter amount of state estate taxes paid to other states.
 (Attach proof of payment.) 14. _____ .00

15. Credit for estate taxes paid to another state. Enter the smaller of line 13 or line 14. 15. _____ .00

16. MICHIGAN ESTATE TAX. Subtract line 15 from line 10. 16. _____ .00

PART 2: NON-RESIDENTS WITH MICHIGAN PROPERTY

17. Gross value of real and tangible personal property located in Michigan. 17. _____ .00

18. Percent of Michigan property. Divide line 17 by line 9. 18. _____ %

19. MICHIGAN ESTATE TAX. Multiply line 10 by the percentage on line 18. 19. _____ .00

PART 3: REFUND OR TAX DUE

20. Michigan residents with out-of-state property enter the amount from line 16.
 Non-residents enter the amount from line 19. 20. _____ .00

21. Enter amount of Michigan tax already paid, if any. 21. _____ .00

22. TAX DUE. If line 20 is greater than line 21, subtract line 21 from line 20 and enter here.
 Include interest _____ and penalty _____ if applicable. **PAY ▶ 22.** _____ .00

23. REFUND. If line 20 is less than line 21, subtract line 20 from line 21 and enter here. **REFUND ▶ 23.** _____ .00

CERTIFICATION			
<i>I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.</i> I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No		<i>I declare under penalty of perjury that this return is based on all information of which I have knowledge.</i> Preparer's Signature and Business Address	
Signature(s) of Personal Representative(s)	Date		
		Preparer's Daytime Telephone Number	Date

NOTE: When finished, attach a complete copy of Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, including all schedules. Do not send originals, as items will not be returned.

Explanation of Solution

Statement 1. Even though the Florida real estate has a \$45,000 mortgage, it is ignored when determining the percent of out-of-state property for Michigan residents. Non-residents will also ignore incumbrances on Michigan property when determining the percentage of Michigan property in the gross estate.

<u>Statement 2.</u>	Net cash proceeds	\$208,250
		<u>x.08</u>
	Amount remitted with estimate voucher	\$16,660